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HAGOP T. BEDOYAN, CSB NO. 131285
JACOB L. EATON, CSB NO. 244834
KLEIN, DENATALE, GOLDNER,
COOPER, ROSENLIEB & KIMBALL, LLP
5260 North Palm Avenue, Suite 201
Fresno, California 93704
Telephone: (559) 438-4374
Facsimile: (559) 432-1847
E-Mail: jeaton@kleinlaw.com

Attorneys for Debtor-in-Possession

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA, FRESNO DIVISION

In re:
SHADY ACRES DAIRY,
Debtor-in-Possession.

Case No. 10-19058-A-11

Chapter 11

Date: March 15, 2011
Time: 1:30 p.m.
Place: United States Bankruptcy Court
2500 Tulare Street, Fifth Floor
Courtroom 11, Department A
Fresno, California
Judge: Honorable Whitney Rimel

DEBTOR'S FOURTH CHAPTER 11 STATUS CONFERENCE REPORT

TO DEBTOR, THE UNITED STATES TRUSTEE, SECURED CREDITORS, OFFICIAL
COMMITTEE OF UNSECURED CREDITORS, AND PARTIES REQUESTING SPECIAL
NOTICE:

SHADY ACRES DAIRY ("Debtor") hereby provides the following Chapter 11 Status
Conference Report:

A. Background of Debtor

1. Debtor filed a Voluntary Petition under Chapter 11 of the United States
Bankruptcy Code on August 9, 2010.

2. Debtor is a California partnership operating in Fresno County, California.
Debtor operates a dairy. Debtor milks about 2,750 cows, has total non-milking and young

KLEIN, DENATALE, GOLDNER,
COOPER, ROSENLIEB & KIMBALL, LLP
4550 CALIFORNIA AVENUE, SECOND FLOOR
BAKERSFIELD, CALIFORNIA 93309

1 stock of about 2800 and owns 1,200 acres farmland. Debtor is a member of and ships its milk
2 to California Dairies, Inc. ("CDI"). Debtor grows grains on about 1,075 acres of farmland for
3 silage for its livestock.

4 3. Debtor's partners are Beverly Anker (20%), Beverly Anker, as Trustee of the
5 Bypass Trust Under the Will of Edward G. Anker, deceased (50%), Edward (10%), Christopher
6 (10%), and Joshua (10%). Debtor was formed in January 1999 and operated in Visalia,
7 California ("the Visalia Dairy").

8 4. Debtor purchased land in Helm, California and commenced construction of its
9 current dairy facility in 2001 ("the Helm Dairy"). The purchase of the land and construction of
10 the facility was all financed by Farm Credit West ("FCW"), which holds deeds of trust against
11 both the Helm Dairy and the Visalia Dairy. Debtor began milking at the Helm Dairy in 2003
12 with about 1,700 cows. Debtor filed for relief under Chapter 11 in order to give Debtor a
13 vehicle under which it could reorganize its debts and continue to operate its business.

14 **B. Debtor's Present Status**

15 5. Debtor has remained in possession of its property and has managed its affairs as
16 a debtor-in-possession since it filed for relief under Chapter 11.

17 **C. Debtor's Intent With Respect to Plan of Reorganization**

18 6. Debtor filed its Plan of Reorganization and Disclosure Statement on January 31,
19 2011. The hearing on the approval of the Disclosure Statement will be held on March 15,
20 2011, at 1:30 p.m. FCW and Penny Newman Grain Co. filed objections to the approval of the
21 Disclosure Statement. Penny-Newman Milling, LLC filed a response requesting that Debtor
22 correct some information. Debtor has filed a response to the objections and intends to file a
23 Proposed Modified Disclosure Statement that provides additional information to address FCW,
24 Penny Newman Grain and Penny Newman Milling's concerns before the hearing on approval
25 of the Disclosure Statement.

26 7. The Plan of Reorganization provides for the continued operation of the dairy
27 business and the repayment of creditors over time.
28

D. Other Matters Pursuant to Court Order Setting Status Conference:

8. **Motions for Relief from Automatic Stay:** No Motions for Relief from Stay have been filed in Debtor's Chapter 11 case.

9. **Motions to under 11 USC Section 365(d)(3) and (4):** No motions under 11 USC Section 365(d)(3) or (4) have been filed. Additionally, Debtor is not the lessee of nonresidential real property and will not file motions under Section 365(d)(3) or (4).

10. **Use of Cash Collateral:** Debtor filed a Motion to Use Cash Collateral and Grant Adequate Protection on August 10, 2010. After receiving interim authorization for use of cash collateral, Debtor, FCW, Penny Newman Grain, Co., and Penny-Newman Milling, LLC agreed to use of cash collateral through several stipulations and orders through May 31, 2011.

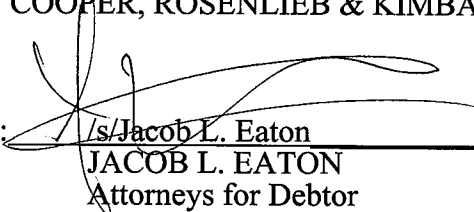
11. **Employment of Professionals:** The Court authorized the employment of Klein, DeNatale, Goldner, Cooper, Rosenlieb & Kimball as attorneys for Debtor on August 30, 2010. The Court authorized the employment of MOORE STEPHENS WURTH FRAZER AND TORBET, LLP as the accounts for Debtor on January 8, 2011.

12. **Motions to Dismiss or Convert:** There are no pending motions to dismiss or convert Debtor's Chapter 11 case, nor are there pending any motions to appoint a Chapter 11 trustee. Debtor does not believe that grounds exist for any such Motion.

13. **Administrative Matters:** Debtor has complied with all of the requirements for a Debtor in Possession, including monthly reports since the filing of the Chapter 11 petition, establishing Debtor-in-Possession bank accounts, and maintaining insurance. Debtor has paid the fees due to the United States Trustee.

Date: March 11, 2011

KLEIN, DeNATALE, GOLDNER,
COOPER, ROSENBLIEB & KIMBALL, LLP

By: 
JACOB L. EATON
Attorneys for Debtor